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BAUCUS LOOKS TO CREATE CERTAINTY WITH LONG-TERM, PRO-JOBS SOLUTION TO TAX EXTENDERS

Finance Chair: Tax Reform Must Reshape Tax Code to Help Businesses Grow with Smart Incentives

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today called for a long-term, pro-jobs solution that would end the uncertainty caused by tax provisions requiring frequent renewal, commonly called "tax extenders." In a committee hearing, Baucus spoke about the need to examine these tax extenders as part of the tax reform process to determine how best to retool incentives that help businesses invest and create jobs. Baucus <a href="https://doi.org/10.1001/jobs.1001/jobs.1

"The lack of certainty about these tax extenders is bad for American families, bad for businesses looking to create jobs and bad for our economy. When Congress provides businesses with long-term incentives that cover their entire business plans, businesses can invest with confidence and our economy can grow," Baucus said. "Each day businesses do not know whether tax extenders will be in place means less American manufacturing, less production and fewer jobs."

Many provisions in the tax code are set to expire annually or biannually, but Congress passes legislation that extends them instead. There are more than 50 of these traditional tax extenders, and the frequent threat of expiration causes uncertainty among taxpaying businesses, families and individuals. These tax extenders also narrow the tax base, necessitating higher rates. In addition, the yearly process required to pass each extender package consumes much of the legislative calendar.

At today's hearing, Baucus discussed how difficult it is for businesses to plan and invest when the tax credits and deductions they rely upon last no longer than a few years. He cited the tax credit for biodiesel fuels, which was created in 2004 to help the young industry mature and has been extended three times. When the credit lapsed for nearly all of 2010, biodiesel production dropped by nearly 40 percent as a result. More than 9,000 jobs were lost and 80 facilities shut down. Baucus said that through tax reform, Congress should address the shortcomings of these tax provisions and choose whether to fix them permanently or allow them to expire.